

Message Text

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ACTION AID-05

INFO OCT-01 AF-06 ISO-00 EB-07 IGA-01 L-02 SS-15 SP-02

IO-10 OES-03 RSC-01 TRSE-00 /053 W

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R 061145Z JAN 75

FM AMEMBASSY BANGUI

TO SECSTATE WASHDC 5365

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E.O. 11652: N/A

TAGS: EFIN, EARL, CT

SUBJECT: ECONOMIC CRISIS: REVIEW OF CAR BALANCE OF PAYMENTS SITUATION

REF: STATE 275634

1. INFORMATION REQUESTED REFTEL HELD AS CONFIDENTIAL BY GOCAR AND THEREFORE NOT AVAILABLE. DIRECTOR OF CENTRAL BANK INFORMED EMBOFF THAT BALANCE OF PAYMENTS INFO WAS DEVELOPED FOR CY73-CY74 IN CONJUNCTION WITH NOVEMBER IMF TEAM VISIT (BANGUI A-104). CENTRAL BANK AS CREATION OF FIVE EQUATORIAL AFRICAN STATES UNABLE TO RELEASE STATISTICS WITHOUT GOCAR APPROVAL.

2. INF REPORT EBS/74/435 DATED 29 NOVEMBER 1974 CONTAINING BALANCE OF PAYMENTS INFO WAS FORWARDED TO EMBASSY BY DEPT CLASSIFIED LOU. INFO CY73 CY74 FROM IMF REPORT RECAPITULATED BELOW. CY75 FIGURES ARE EMBASSY PROJECTIONS. ALL FIGURES IN SDR MILLIONS.

CY 73 CY 74 CY 75

A. EXPORTS	50.59	54.01	58.80
COTTON	(9.36)	(12.24)	(14.0)
COFFEE	(9.00)	(9.72)	(9.8)
DIAMONDS	(10.06)	(11.82)	(12.0)

B. IMPORTS	55.25	69.18	75.16
PETROLEUM	(4.71)	(8.52)	(9.5)

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FOODGRAINS	(NA)	(NA)	(NA)
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FERTILIZER	(.7)	(.8)	(.8)
C. TRADE BALANCE	-4.66	-15.17	-16.36
D. NET SERVICES	-15.81	-17.26	-18.98
E. NET TRANSFERS	17.17	20.96	23.99
PRIVATE	(-1.01)	(-1.01)	(-1.01)
GOVERNMENT	(18.18)	(21.97)	(25.00)
F. CURRENT BALANCE	-3.30	-11.47	-11.35
G. OFFICIAL CAPITAL	4.79	5.02	5.0
H. PRIVATE CAPITAL	-1.68	-1.97	-2.0
ERRORS AND OMISSIONS	5.34	---	---
I. OVERALL BALANCE	-5.53	-8.42	-8.35

3. CY 75 BALANCE OF PAYMENTS PROJECTIONS REFLECT AN EXPECTED RETURN TO NORMAL EXPORT PATTERNS AS RIVER LEVELS WHICH HAD BEEN LOW DUE TO ABNORMALLY LOW RAINFALL PERMIT RESUMPTION OF REGULAR TRANSPORT. COLLON AND WOOD EXPORTS EXPECTED TO BE PRIMARY BENEFICIARIES. EVEN BEFORE CURRENT OIL CRISIS CAR EXPORTS ONLY MARGINALLY COMPETITIVE IN WORLD MARKETS DUE TO HIGH TRANSPORT COMPONENT IN PRICE. RECENT INCREASE IN PRICES FOR CAR RAW MATERIALS SUCH AS COTTON HAVE HELPED OFFSET HIGHER TRANSPORT CHARGES, BUT UNFORTUNATELY 74 TRANSPORT PROBLEMS LARGELY PRECLUDED CAR TAKING ADVANTAGE OF THESE PRICES. CY 75 IMPORT FIGURE ESTIMATED AT 8 PERCENT INFLATION RATE PLUS 1 MILLION FOR INCREASED PETROLEUM IMPORTS. NET SERVICES SHOW SMALL INFLATIONARY INCREASE AS WELL. PETROLEUM IMPORTS WHICH DECLINED IN 73 AND 74 DUE TO TRANSPORT AND SUPPLIER PROBLEMS AS MUCH AS TO PRICE SHOULD RETURN TO 72 LEVEL OF 450,000 BARRELS. GOCAR FEELS MUCH OF PRESENT ECONOMIC LETHARGY DUE TO LACK OF ADEQUATE PETROLEUM SUPPLY AND HAS STATED INTENTION TO RETURN TO 72 IMPORT LEVELS.

4. RISE IN PRICE OF PETROLEUM CONTINUES TO HAVE LARGE MULTIPLIER EFFECT ON CAR ECONOMY AS TRANSPORTATION CHARGES FIGURE PREDOMINATELY IN IMPORT/EXPORT COSTS FOR THIS LANDLOCKED NATION 1200 MILES FROM LIMITED OFFICIAL USE

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THE SEA.

5. CRUX OF GOCAR BALANCE OF PAYMENTS SITUATION CONTAINED IN UN-REQUITED GOVERNMENTAL TRANSFERS OF FOREIGN AID. CY75 FIGURE OF 25 MILLION INDICATING INCREASE OF 3.03 MILLION OVER CY 74 REFLECTS MORE DONOR ATTENTION TO CAR AS RESULT OF DROUGHT AND RELATED PROBLEMS. FIGURE OF 25 MILLION IS HIGHLY UNCERTAIN AND COULD VARY 10 MILLION IN EITHER DIRECTION. OFFICIAL CAPITAL MAINLY DEMAND

DEPOSITS AND POSTAL BANK SAVINGS.

6. IT IS DIFFICULT TO MAKE ANYTHING BUT SWEEPING GENERALIZATIONS REGARDING THE CAR'S GNP AND GROWTH RATES AS THERE IS NO STATISTICAL BASIS FOR ESTIMATES. FEELING IS THAT THERE WAS NO GROWTH IN 1974 DUE TO POOR COTTON HARVEST, TRANSPORT-INDUCED MARKETING PROBLEMS, AND PETROLEUM PRICE INCREASES. SITUATION COULD IMPROVE SLIGHTLY IN 1975 WITH A MAXIMUM OBTAINABLE GROWTH RATE OF 2 PERCENT.

7. TO EMBASSY'S KNOWLEDGE GOCAR IS NOT DEVELOPING A NEW IMPORT-EXPORT STRATEGY TO COPE WITH OIL CRISIS. GOCAR HAS ASKED FOR IMF AID IN THIS AREA AND HOPES A TEAM WILL VISIT BANGUI IN FEBRUARY. GOCAR SEES ITS ECONOMIC SALVATION IN IMPROVED TRANSPORTATION LINKS TO THE SEA AND ABOVE ALL IN THE CONSTRUCTION OF A RAILROAD FOR WHICH IT HOPES ENGLISH FRENCH SUPPORT IN PUTTING TOGETHER A MULTI-NATION CONSORTIUM. GOVERNMENT ALSO ENCOURAGES COTTON PRODUCTION, TIMBER EXPORTS AND EXPLOITATION OF DIAMOND AND URANIUM RESOURCES. ULTIMATELY THE GOCAR DEPENDS ON FOREIGN DONORS, MAINLY FRANCE, TO BALANCE ITS BUDGET AND CONTROL OR PAY EXTERNAL DEBTS.

8. AID TO THE CAR FROM OPEC NATIONS HAS BEEN SO FAR LIMITED TO CONCESSIONARY TERMS ON POL CONTRACTS FROM ALGERIA. THE ALGERIAN CONTRACT HAS EXPIRED HOWEVER, AND TO THE EMBASSY'S KNOWLEDGE HAS NOT BEEN RENEWED. GOCAR DISCUSSIONS WITH NIGERIA REGARDING CONCESSIONARY PRICING HAVE TAKEN PLACE AS HAVE TALKS WITH GABON. ACCORDING TO THE IMF REPORT THE GOCAR HAS BEEN PROMISED \$1.9 MILLION FROM THE ARAB AID FUND FOR AFRICA. THE MONEY HAS NOT YET BEEN RECEIVED IN BANGUI.

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